



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT  
Division of Workforce Solutions  
Bureau of Workforce Programs

TO: **Economic Support Supervisors  
Economic Support Lead Workers  
Training Staff  
Child Care Coordinators  
W-2 Agencies**

FROM: Stephen M. Dow  
Policy Analysis & Program Implementation Unit  
Work Programs Section

**BWSP OPERATIONS MEMO**

No.: 01-49

File: 1250.22

Date: 07/31/2001

Non W-2 ☐ W-2 ☐ CC ☒

PRIORITY: High

SUBJECT: **CHANGES IN CHILD CARE PAYMENT AUTHORIZATION  
CALCULATIONS**

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**EFFECTIVE DATE:** Two policy changes will become effective on August 27, 2001 and the third policy change will become effective on October 22, 2001.

**PURPOSE**

This memo is to inform you that the DWD Division of Workforce Program's Office of Child Care will be making changes affecting how the child care authorization payment amounts are calculated so that authorized amounts:

1. More closely reflect the price that providers charge.
2. Reflect the intent of state statute that specifies providers who are required to have more training and meet more requirements get paid at a higher rate.

These changes will have an impact on the amount of dollars child care providers receive for caring for Wisconsin Shares subsidized children. A check stuffer is being sent to providers in checks and EFT remittances on August 13, 20 and 27. A copy of the check stuffer is attached to this memo.

**BACKGROUND**

Providers and local agencies have contacted the Office of Child Care and indicated that, in certain circumstances, the subsidy payments to providers are higher than the price the provider charges to private pay families.

This situation can occur when the authorization is:

1. Based on attendance to a licensed provider and calculated by increasing the authorized amount by 10% at both the beginning and the end of the calculation.
2. Calculated for a school age child using the provider's price for a two year old child.

In addition, providers and local agencies have contacted the Office of Child Care and indicated that in certain circumstances, certified providers receive a higher rate of payment than licensed family providers. This does not reflect the intent of the policy that licensed family providers receive a higher rate of pay than certified providers because licensed family providers must obtain more training and meet higher health and safety standards than certified providers. This situation can occur because payment rates to licensed family providers are capped at a weekly rate and certified payment rates are not capped.

Therefore, these new policies are being implemented in order to ensure that authorized payment amounts more closely reflect the price the provider charges private pay families and so that licensed family providers are paid at a higher rate than certified providers.

## ***POLICY***

*LIMIT CERTIFIED PROVIDERS' PAYMENT AMOUNT TO THE COUNTY/TRIBAL WEEKLY RATE FOR LICENSED FAMILY DAY CARE*

*Current Policy:* Certified providers are paid at the authorized hourly rate up to the maximum number of hours authorized. The authorized hourly rate is calculated without using a weekly ceiling.

**Example:** The authorized amount is calculated without using a weekly ceiling:

CCQR QUERY PROVIDER PAYMENT RATE CALCULATION 07/20/01 14:26  
 CASE: 7700244375 XCT103 R BRUEGGEMAN  
 PRIMARY PERSON NAME: BUSY MOM UPDATED DT: 07 20 2001  
 FAMILY SIZE : 02 INCOME: 0.00 AUTH BEGIN: 08 26 2001 AUTH END: 12 29 2001

CHILD NAME	DOB	PROVIDER NUMBER	LN	CATG	CTY	A	R	AU	A	HR	LY	BEGIN	WKLY	PRV	WK
						C	L	HR	T	RATE	REIMB	CEILNG		PRICE	
BABY BOY	02/05/01	4800036684	001	REGC 20	N	N	50	A	2.68	134.00					

FULL WEEKLY AMT STD. FMLY COPAY ADJ. FMLY COPAY AGENCY PAYMNT ACT. FMLY COPAY  
 134.00 2.00 2.00 132.00 2.00

CHILD NAME	LOWEST	ADJ.	% FULL	ADJ	AGNY	WEEKLY	HOURS	BEG	10% INC
	WK AMT	WK AMT	COST	PAYMNT	PAYMNT	RATE	HR	RT	
BABY BOY	134.00 /	134.00 =	100.00 X	132.00 =	132.00 /	50 =	2.64 =		

No Weekly Ceiling

*New Policy:* Certified providers will be paid at the authorized hourly rate up to the maximum number of hours of authorized. This authorization amount will be capped at the county/tribal maximum weekly rate for licensed family providers.

**Example:** The authorized amount will now be calculated by comparing the beginning reimbursable rate and the LFAM weekly ceiling:

CCQR										QUERY PROVIDER PAYMENT RATE CALCULATION										07/26/01 07:31																																																																					
CASE: 7700244375																				XCT103 R BRUEGGEMAN																																																																					
PRIMARY PERSON NAME: BUSY										MOM										UPDATED DT: 07 26 2001																																																																					
FAMILY SIZE : 02										INCOME: 0.00										AUTH BEGIN: 08 26 2001 AUTH END: 12 29 2001																																																																					
CHILD NAME										DOB										PROVIDER										CTY A R AU A HR LY										BEGIN WKLY										PRV WK																																							
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BABY BOY										02/05/01										4800036684										001 REGC 20										N N 50 A 2.68										134.00										125.00																													
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FULL WEEKLY AMT										STD. FMLY COPAY										ADJ. FMLY COPAY										AGENCY PAYMNT										ACT. FMLY COPAY																																																	
125.00										2.00										2.00										123.00										2.00																																																	
CHILD NAME										LOWEST										ADJ.										% FULL										ADJ AGNY										WEEKLY										HOURS										BEG										FINAL									
										WK AMT										WK AMT										COST										PAYMNT										PAYMNT										RATE										HR LY RT																			
BABY BOY										125.00 / 125.00 =										100.00 X										123.00 =										123.00 / 50										= 2.46										= 2.46																													

LFAM Weekly  
Ceiling

**Provider and Case Located in Different Counties:** When the provider is located in one county and the case is located in a different county, CCPS will compare the certified provider price from each county and choose the highest certified price. The LFAM maximum weekly rate will be used from the same county as the certified rate in order to complete the calculation.

**Effective Date of Change:** All authorizations entered in the Child Care Payment System (CCPS) on or after August 27, 2001 will be calculated using the new policy. All authorizations entered into CCPS prior to August 27, 2001 will continue to pay at the authorized amount using the old policy until the authorization is recalculated due to a change. All authorizations will be recalculated during the Maximum County Rate Mass Change tentatively scheduled for December 29, 2001.

#### 10% INCREASE FOR AUTHORIZATIONS TO LICENSED PROVIDERS BASED ON ATTENDANCE

**Current Policy:** Authorizations based on attendance to licensed providers are increased by 10% in order to help cover the cost of maintaining the slot when the child is not in care. First, the agency hourly rate and the agency weekly rate are increased by 10%. Then, the authorized hourly amount is calculated and increased by another 10%.

**Example:** The authorization is calculated by increasing the hourly rate and the weekly ceiling by 10%. Then the beginning rate is increased by 10% at the very end of the calculation:

CCQR QUERY PROVIDER PAYMENT RATE CALCULATION 07/20/01 15:43  
 CASE: 7700244375 XCT103 R BRUEGGEMAN  
 PRIMARY PERSON NAME: BUSY MOM UPDATED DT: 07 20 2001  
 FAMILY SIZE : 02 INCOME: 0.00 AUTH BEGIN: 08 26 2001 AUTH END: 12 29 2001

CHILD NAME	DOB	PROVIDER NUMBER LN CATG	CTY A R AU A HR	LY BGIN WKLY PRV WK
BABY BOY	02/05/01	5800036685 001 LFAM 20	N N 35 A 3.92	137.20 137.50 140.00

FULL WEEKLY AMT 137.20  
 STD. FMLY COPAY 4.00  
 ADJ. FMLY COPAY 4.00  
 AGENCY PAYMNT ACT. FML COPAY 133.20 4.00

CHILD NAME	LOWEST WK AMT	ADJ. WK AMT	% FULL COST	ADJ AGNY PAYMNT	WEEKLY PAYMNT	HOURS BEG RATE	10% INC HR
BABY BOY	137.20	137.20	= 100.00	X 133.20	= 133.20	/ 35 = 3.81	= 4.19

Increased 10% (pointing to 137.20)  
 Increased 10% (pointing to 4.19)

**New Policy:** Authorizations based on attendance to licensed providers will *continue* to be increased by 10%. The agency hourly rate and the agency weekly rate will *continue* to be increased by 10%. The authorized hourly amount that is calculated *will no longer* be increased by 10%.

**Example:** The authorization is calculated by increasing the hourly rate and the weekly ceiling by 10%. But the beginning rate is **not** increased by 10% at the very end of the calculation:

CCQR QUERY PROVIDER PAYMENT RATE CALCULATION 07/26/01 07:52  
CASE: 7700244375 XCT103 R BRUEGGEMAN  
PRIMARY PERSON NAME: BUSY MOM UPDATED DT: 07 26 2001  
FAMILY SIZE : 02 INCOME: 0.00 AUTH BEGIN: 08 26 2001 AUTH END: 12 29 2001

CHILD NAME	DOB	PROVIDER	CTY	A	R	AU	A	HR	LY	BEGIN	WKLY	PRV	WK
										REIMB	CEILING	PRICE	
BABY BOY	02/05/01	5800036685	001	LFAM	20	N	N	35	A	3.92	137.20	137.50	140.00

Increased 10%

FULL WEEKLY AMT 137.20  
STD. FMLY COPAY 4.00  
ADJ. FMLY COPAY 4.00  
AGENCY PAYMNT 133.20  
ACT. FMLY COPAY 4.00

CHILD NAME	LOWEST	ADJ.	% FULL	ADJ AGNY	WEEKLY	HOURS	BEG	FINAL
		WK AMT	WK AMT	COST	PAYMNT	PAYMNT	RATE	HR
BABY BOY	137.20	137.20	=	100.00	X	133.20	=	133.20 / 35 = 3.81

Not increased 10%

*Effective Date of Change:* All authorizations based on attendance to licensed providers entered in the Child Care Payment System (CCPS) on or after August 27, 2001 will be calculated using the new policy. All authorizations entered into CCPS prior to August 27, 2001 will continue to pay at the authorized amount using the old policy until the authorization is recalculated due to a change.

### **USE PROVIDER PRICE TO DETERMINE THE AUTHORIZED AMOUNT**

*Current Policy:* Authorization amounts are calculated by comparing the provider's price and the county/tribal weekly ceiling and choosing the lowest of the two rates to cap the authorization amount. The provider's prices are collected for two age categories: under 2 years and 2 – 12 years.

**Example:** A 9 year old is authorized on enrollment for care at a licensed group provider for 50 hours per week. The county/tribal weekly ceiling is \$150.00. The provider's price for the age group 2 years and older is \$145.00. The authorized amount is calculated using the provider's price (from CCRP) for the age group 2-12 year which is \$145.00 and then comparing that against the agency weekly ceiling of \$150.00.

*New Policy:* Authorization amounts will be calculated by comparing the provider's price and the county/tribal weekly ceiling and choosing the lowest of the two rates to cap the authorization amount. The provider's actual full-time prices will be used to calculate the authorization amount.

*Note:* The age categories of under 2 years and 2 – 12 years will continue to be used to set the county/tribal maximum rates.

**Example:** A 9 year old is authorized on enrollment for care at a licensed group provider for 50 hours per week. The agency weekly ceiling is \$150.00. The provider's price for the age group 6 years and older is \$125.00. The authorized amount is calculated by comparing the agency weekly ceiling of \$150.00 and the provider's price for the age group 6 years and older which is \$125.00

*New Screen in CCPS:* A new screen is being developed in order to accommodate the entry of the providers' full-time prices. This new screen will combine the Provider- Ages Served screen (CCAS) and the Provider Rates screen (CCRP) into one new screen called Provider – Rates and Ages Served (CCRA). Prices for all age groups served will be collected on CCRA. CCAQ (Provider – Query Ages Served screen) and CCRP will remain as query screens only.

*Effective Date:* Local agencies will begin entering the providers' prices in to the Child Care Payment System (CCPS) on October 22, 2001 when the new screen CCRA becomes available. When the local agency enters a provider's prices, the authorizations will be recalculated on the weekend and mailed the following Monday. If the authorized amount decreases, a 10-day notice will be sent before the authorized amount goes into effect. This is the current process that occurs when new provider rates are entered on CCRP.

Another Operations Memo will be sent in October to explain in detail the conversion of CCAS and CCRP information to CCRA, how ages served and rates are to be entered on CCRA and the timeline to enter the providers' prices.

Below is a mock-up of a preliminary version of CCRA, which is subject to change.

[illegible]

## COMMUNICATION OF POLICY CHANGES TO PROVIDERS

The policy changes described in this memo are being communicated to providers through the use of check and EFT remittances stuffers. The check/EFT stuffers will be sent on August 13, 20 and 27. A copy of the check stuffer is attached to this memo.

**ANNUAL RATE MASS CHANGE**

The annual rate mass change that will recalculate authorizations using the new 2002 maximum county/tribal rates and provider new rates is tentatively scheduled to run on December 29, 2001. At that time all authorizations will be recalculated following the new policies described in this memo.